Ministry of Energy & Resources

Plan for 2018-19

Government of Saskatchewan

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Statement from the Minister

The Honourable Bronwyn Eyre

Minister of Energy and Resources

I am pleased to present the Ministry of Energy and Resources' Plan for 2018-19.

Government Direction and Budget for 2018-19 is focused on keeping Saskatchewan On Track by controlling spending, delivering high quality services for Saskatchewan people, keeping our economy strong, and returning to balance in 2019-20.

This plan details the focus and activities of the Ministry for this fiscal year as we carry out our role to promote the growth and responsible development of Saskatchewan's natural resource industries, including mining, forestry, and oil and gas. Central to this role is our regulatory oversight of this key sector of our economy, which includes the stewardship of a competitive royalty framework, as well as the policies that guide it. The Ministry is also tasked with promoting our opportunities for resource development and investment to potential investors around the world. This is a significant responsibility given the size and scope of this segment of our economy.

Oil and gas is responsible for an estimated 15 per cent of Saskatchewan's gross domestic product (GDP), and recent numbers—such as increased production, exploration, and revenue—have shown clear signs of renewed activity and growth in the industry. Saskatchewan accounts for an estimated 12 per cent of the nation's crude oil production. Today, it is the second-largest producer among Canada's provinces, and the sixth largest onshore producer in Canada and the U.S.

In 2017, the provincial forestry sector generated sales of nearly $1.2 billion—a 21 per cent increase over the previous year and the highest value of forestry product sales in over a decade. Prices for all forestry products were very strong in 2017, reaching their highest levels since 2005, and are forecasted to remain high over the next several years largely due to solid demand from major export markets.

In its 2017 survey for mining investment, the Fraser Institute ranked Saskatchewan second out of 91 jurisdictions in the world for mining investment attractiveness. Preliminary estimates indicate that the value of Saskatchewan's mineral sales for 2017 was about $6.5 billion, up slightly from the year before, and the province remained a global leader in uranium and potash production.

The goals outlined in this plan will help to ensure that our energy and resources sectors continue to help lead the way in Saskatchewan's economic growth.

Response to Government Direction

The Government of Saskatchewan is committed to keeping the province On Track through prudent fiscal management. We will succeed by spending wisely, supporting economic growth, and ensuring services are sustainable.

This focus will continue to advance Government toward the realization of Saskatchewan's Vision and goals.

Saskatchewan's Vision

"... to be the best place in Canada – to live, to work, to start a business, to get an education, to raise a family and to build a life."

Sustaining growth and opportunities for Saskatchewan people

Meeting the challenges of growth

Securing a better quality of life for all Saskatchewan people

Delivering responsive and responsible government

Saskatchewan's Vision and goals provide the framework for ministries, agencies and partners to align their programs and services and meet the needs of Saskatchewan's residents.

All ministries and agencies will report on progress in their 2018-19 annual reports.

Operational Plan

Mandate Statement

The Ministry of Energy and Resources develops, coordinates, and implements policies and programs to promote the growth and responsible development of the province's natural resources industries. The Ministry operates as the primary regulatory authority for the oil and gas industry and ensures competitive royalty systems, regulations and policies for all natural resource sectors. The Ministry also plays an integral role in promoting Saskatchewan's diverse resource potential to investors around the world.

Mission Statement

To advance and regulate responsible resource development.

Government Goals

Sustaining growth and opportunities for Saskatchewan people
Meeting the challenges of growth
Securing a better quality of life for all Saskatchewan people
Delivering responsive and responsible government

Strategic priority from the *Saskatchewan Plan for Growth*: sustaining economic growth and addressing the challenges of growth.

Ministry Goal

Advancing Saskatchewan's natural resource strengths, particularly through innovation to build the next economy.

Strategy

Royalties are responsive to price cycles and encourage on-going exploration when prices are low, while maintaining a fair return to the province.

Key Actions

- Maintain and monitor the Province's royalties, taxes and regulations to ensure a competitive environment.
- Produce accurate revenue and economic forecasts to help elected officials make financial decisions.
- Improve filing of resource revenues through education, outreach and audit activities.

Strategy

Increase exploration activity and natural resource production.

Key Actions

- Increase engagement with companies to advance the growth and diversification of Saskatchewan's natural resource industries.
- Identify investment opportunities based on Saskatchewan's competitive advantages and value proposition.
- Provide high quality, easily-accessible geoscience information to facilitate the responsible exploration for, and development of, our province's mineral and petroleum resources.
- Support the Mineral Development Strategy in the form of enhanced geoscience work, airborne geophysical survey products and administration of a drilling rebate incentive.
- Implement the Subsurface Mineral Rights Public Offering Program to facilitate exploration.

Performance Measures

Saskatchewan Potash Volume

Increase potash production levels, with a target of 12.5 million tonnes in 2018-19.

Saskatchewan Uranium Volume

Achieve uranium production level of 8.4 million lbs in 2018-19.

Saskatchewan Gold Volume

Increase gold production levels, with a target of 80,000 ounces in 2018-19.

Saskatchewan Provincial Forest Timber Harvest

Increase timber harvest levels, with a target of 4.1 million cubic meters in 2018-19.

Saskatchewan Crude Oil Production

Produce 174 million barrels of crude oil.

Exploration Expenditures

Increase exploration expenditures for targeted commodities, with a target of 25 per cent increase in 2018-19.

Public Geoscience Data

Support base metal exploration in the Creighton area by augmenting high resolution geophysical data to cover an area of a minimum of 1,500 km^2.

Government Goals

Sustaining growth and opportunities for Saskatchewan people

Meeting the challenges of growth

Securing a better quality of life for all Saskatchewan people

Delivering responsive and responsible government

Strategic priorities from the *Saskatchewan Plan for Growth*: sustaining economic growth and addressing the challenges of growth.

Ministry Goal

Achieve regulatory excellence in support of the responsible development of Saskatchewan's non-renewable mineral resources.

Strategy

Adopt a risk-based outcome-oriented approach to the development and delivery of regulatory programs.

Key Actions

- Implement the Pipeline Regulation Enhancement Program to further strengthen provincial pipeline regulation
- Establish a framework for managing carbon emissions from the upstream oil and gas industry.

Strategy

Deliver efficient regulatory programs with a focus on client service.

Key Actions

- Build the single window to be a one-stop regulatory service for the oil and gas industry.
- Continue to update and modernize regulations and directives to address regulatory risks.

Strategy

Build public confidence in industry regulation through transparency, accountability and engagement.

Key Actions

- Expand public access to regulatory information.
- Effectively manage the abandonment and decommissioning of oil and gas wells and facilities and the Gunnar and Lorado sites.

Performance Measures

Gunnar Site Decommissioning

Adherence to Clean-up of Abandoned Northern Sites (CLEANS) project annual budget and schedule, with a target +/- 5 per cent.

Government Goals

Sustaining growth and opportunities for Saskatchewan people

Meeting the challenges of growth

Securing a better quality of life for all Saskatchewan people

Delivering responsive and responsible government

Ministry Goal

Ensure the on-going competitiveness of Saskatchewan's natural resource industries.

Strategy

Royalty systems, regulations and policies make Saskatchewan's investment climate competitive with rival jurisdictions.

Key Actions

- Digitize information that investors need to make decisions.
- Maintain a favourable regulatory environment to attract and retain businesses in Saskatchewan.
- Encourage policies that support the development and conservation of the Province's natural resource industries.
- Establish a process for industry consultation on policy and geoscience developments.
- Review regulations and programs to reduce barriers to new investment.
- Maintain positive relationships and engage industry in the co-design of systems, regulations and policies where possible.

Strategy

Encourage policies that support the development and conservation of the Province's natural resources.

Key Actions

- Implement the Accelerated Waterflood Development Program.
- Develop an associated gas utilization plan to support methane emissions reduction.

Strategy

Maintain strong collaborative relationships with other ministries and agencies whose activities have an impact on natural resource development.

Key Actions

- Maintain close working relationships with other ministries to identify and address impediments to natural resource development.
- Engage in strategic natural resource related projects with other ministries and agencies that bring investment dollars into Saskatchewan.
- Ensure stakeholders have access to both digital information and in-person meetings/presentations on sector specific issues, processes and opportunities.

Performance Measures

Fraser Institute Global Petroleum Survey Policy Perception Index

Maintain number one Canadian ranking in the Fraser Institute Global Petroleum Survey policy perception index in 2018-19.

Fraser Institute Survey of Mining Companies' Investment Attractiveness Index

Maintain number one Canadian ranking in the Fraser Institute Survey of Mining Companies' investment attractiveness index in 2018-19.

Exploration Expenditures

Achieve at least 10 per cent of total Canadian mineral exploration expenditures.

Government Goals

Sustaining growth and opportunities for Saskatchewan people | Meeting the challenges of growth | Securing a better quality of life for all Saskatchewan people | **Delivering responsive and responsible government**

Strategic priority from the *Saskatchewan Plan for Growth*: fiscal responsibility to support growth.

Ministry Goal

Ensure fiscal responsibility, balanced budgets, and a more effective government through continuous improvements.

Strategy

Achieve organizational excellence.

Key Actions

- Ensure the Ministry's systems are up-to-date with the required information technology infrastructure to enhance services to citizens and businesses.
  - Implement priority enhancements to the Integrated Resource Information System (IRIS).
- Ensure accurate and timely financial reporting to inform strategic and operational decisions.
- Build upon a client-centered service approach to improve services for all clients.
- Lead and support the development of a high performing organization and a safe work environment.
  - Include voice of the client/customer in program development and review.
  - Identify strengths and opportunities for continuous improvement.

Performance Measures

Industry Satisfaction Survey

Develop and implement industry satisfaction survey on Ministry programs and service. Establish baseline.

Highlights

2018-19 Budget Highlights:

The Ministry of Energy and Resources is working to keep Saskatchewan On Track by building for the future with fiscal responsibility:

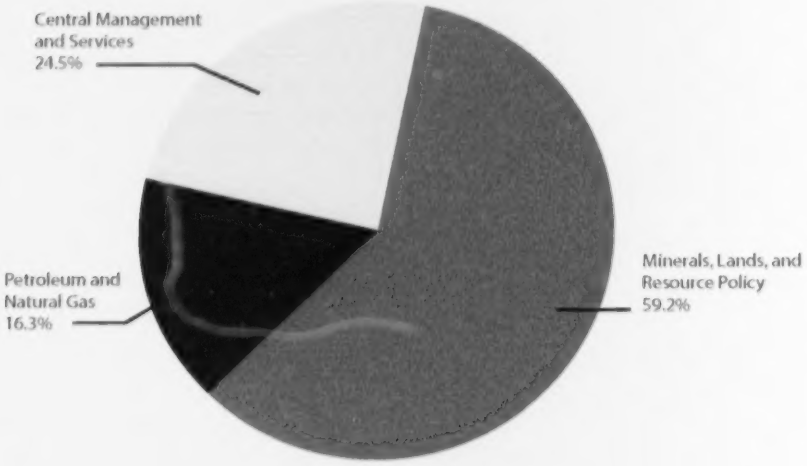
- $35.0 million for the continued remediation on the Gunnar Mine and satellite sites, an increase of $10.069 million or 40.4 per cent;
- $1.5 million for government-owned capital, an increase of $1.04 million to continue the enhancement of the Integrated Resource Information System (IRIS) for the Pipeline Regulation Enhancement Program (PREP);
- $750,000 for a new Mineral Development Strategy to increase the geophysical data available and encourage mineral exploration in Saskatchewan.

Financial Summary

2018-19 Estimates	(in thousands of dollars)
Central Management and Services	19,471
Petroleum and Natural Gas	12,896
Minerals, Lands and Resource Policy	46,950
Total Appropriation	**79,317**
Remediation of Contaminated Sites	(35,000)
Capital Asset Acquisitions	(1,500)
Non-Appropriated Expense Adjustment	3,021
Total Expense	**45,838**

For more information, see the Budget Estimates at: http://www.saskatchewan.ca/budget

Ministry of Energy and Resources, Budget 2018-19



For More Information

Please visit the Ministry's website at http://www.saskatchewan.ca/government/government-structure/ministries/energy-and-resources